

TOWN OF LITCHFIELD PURCHASING POLICY

1. INTRODUCTION

This policy is intended to provide the practices and procedures necessary for the conduct of purchasing activities for the Town of Litchfield. This policy is designed to:

- i. Encourage maximum competition through fair and equal opportunity to those qualified and interested bidders.
- ii. Provide a uniform procedure for the procurement of material, equipment, supplies and services.
- iii. Ensure that the taxpayers are getting the "best overall value" for their dollars.
- iv. Apply to all Town Departments under the authority of the Board of Selectmen.

2. PURCHASING PROCEDURES

- a. All purchases require prior approval by the Department Head or designee,
- b. Purchase orders shall be issued prior to the purchase of capital items, goods or services valued at greater than or equal to \$3000.
- c. All eligible purchases and expenditures for services shall have a purchase order. The only exceptions shall be in the cases of the Town having a written contract or agreement on file establishing a routine or regular purchase of goods or services or specific vendors where goods and services are purchased routinely over the course of the year from whom cumulative purchases will exceed the purchase order threshold. All exceptions shall be reviewed annually.
- d. Some of the factors considered when determining the "best overall value" are:
 - i. Price
 - ii. Quality
 - iii. Warranty
 - iv. Service
 - v. Availability
 - vi. Past Performance with the Town of Litchfield
 - vii. References
- e. Throughout this document, the authority vested to the Town Administrator may be delegated upwards to the Board of Selectmen in the absence of the Town Administrator.
- f. Bids may not be awarded to the lowest bidder based on various factors that may weigh against the bidder as detailed in section 2d above. In all cases where a bid is not be awarded to the lowest bidder for capital items or goods or services whose value is greater than or equal to the \$3000, but less than \$7500, the awarding of the bid must be approved by the Town Administrator; awards for items or goods or services whose value is greater than \$7500 must be approved by the Board of Selectmen.
- g. In all cases where the department is purchaser of goods or services requiring a purchase order, the purchase order to payment authorization must be signed by the Town Administrator. In no cases may a single individual perform purchases and

authorize their own actions. The Town Administrator will have eligible purchase orders reviewed by a member of the Board of Selectmen.

3. FOR PURCHASES

Purchases of capital items as well as goods and services are covered by the following sections. In cases where there is a sole source of the materials, goods or services, regardless of price, the Town Administrator must approve the use of that particular vendor.

- a. **Under \$3000:** Employees are encouraged to secure competitive pricing from multiple sources. Purchases in this category require the approval of the department head prior to the purchase.
- b. **Between \$3,000 and \$7499:** Informal written bids from at least three sources must be obtained. Faxed or e-mailed quotations are acceptable. Purchases must be supported by written quotations from vendors and attached to the purchase order prior to approval. Direct solicitation is allowed. Award of purchase requires the approval of the department head and the Town Administrator.
- c. **Over \$7500:** The formal sealed bid is used for major purchases. An invitation to bid must be publicly advertised in the legal paper of record. Invitations for bids will be posted on Town's website. Direct solicitation to qualified bidders is also allowed. Invitations for bids may also be publicly advertised, relevant professional journals or applicable websites. Invitations to bid should allow at least fourteen days from initial publication until the due date for submissions. The Town Administrator must approve the invitation to bid strategy prior to posting of any invitation and will advise the Board of Selectmen as to the strategy at the Board's next regular meeting. The Board of Selectmen may authorize a publication period of less than fourteen days. Bid specifications require the approval of the Town Administrator. Formal bids must be received sealed and in writing by a posted deadline.

All bids shall be opened in public at a date, time and place designated in the bid request. The Town Administrator and Department Head shall open all bids under dual control. In those cases where the Town Administrator functions as the Department Head, the Office Manager or a member of the Board of Selectmen shall serve as the dual control.

Late bids will not be accepted after the closure time listed on the bid documentation. The winning submission must be reviewed by the Town Administrator and Department Head to ensure the bid complies with the bid specifications. Purchases involving contracts awarding the bid to be signed by the Town must be reviewed by Town Counsel prior to presentation to the Board of Selectmen. The award of a purchase contract or a services contract requires the approval of the Board of Selectmen, who may choose to delegate this authority to the Town Administrator on a case by case basis.

If at least three bids are not received the Board of Selectmen may require a re-bid.

4. PROFESSIONAL SERVICE CONTRACTS

Either the Request for Proposal (RFP) or the Request for Quotation (RFQ) process (or a combination) may be used for professional service contracts. The primary difference between the two processes is that in the RFP process, a specific proposal is received and evaluated. The proposal includes a scope of work and a cost proposal. In the RFQ process, Statements of Qualifications (SOQs) are received and selection is made upon those qualifications. In this process, a mutually acceptable scope of work and contract amount is negotiated with the successful bidder.

The RFP/RFQ must be approved by the Town Administrator, must be in writing and must be posted in the town's official posting place and publicly advertised in the legal paper of record. Invitations for bids will be posted on Town's website. Direct solicitation to qualified bidders is also allowed. Invitations for bids may also be publicly advertised, relevant professional journals or applicable websites. Invitations to bid should allow at least fourteen days from initial publication until the due date for submissions. The Town Administrator must approve the invitation to bid strategy prior to posting of any invitation and will advise the Board of Selectmen as to the strategy at the Board's next regular meeting. The Board of Selectmen may authorize a publication period of less than fourteen days. Proposals or SOQs must be submitted to the Town in a sealed envelope marked with the name of the request as indicated in the instructions.

Proposals shall be opened before the public at a date, time and place designated in the RFP/RFQ. All proposals shall be opened under dual control by the Town Administrator and Department Head. In those cases where the Town Administrator functions as the Department Head, the Office Manager or a member of the Board of Selectmen shall serve as the dual control. The proposals shall be analyzed (based upon the "best overall value" to the Town) and documented including staff recommendation. Contracts awarding the bid to be signed by the Town may be reviewed by Town Counsel prior to presentation to the Board of Selectmen. The award of a contract requires the approval of the Board of Selectmen, who may choose to delegate this authority to the Town Administrator on a case by case basis.

If at least three bids are not received the Board of Selectmen may require a re-bid.

5. PUBLIC AUCTION

With the approval of the Town Administrator, purchases may be made through public auction. For purchases over \$3000 and less than \$7500, the department must provide to the Town Administrator, in writing quotes from like or similar products in order to provide a realistic price comparison. Upon receiving this information and verifying budget availability, written authorization indicating the amount "not to exceed" may be granted allowing the department head or his/her designee to participate and to bid on that particular product. If a purchase is made through auction, all documentation must be retained and submitted to the Accounting Department.

6. CASES NOT REQUIRING BIDDING PROCEDURE

The Town Administrator may approve a purchase order without bid for items less than \$7500, under the following conditions:

- a. Item is to be purchased under any eligible State or Federal Bid lists
- b. Only one known source of purchase and there is no comparable substitute product or service; written documentation supporting the sole source must be provided.
- c. Specific type or brand of supply or part necessary for acceptable operation of a machine or device or as required by warranty or contract on the machine or device; written documentation supporting the purchase of a specific brand or part necessary for acceptable operation of a machine or device must be provided.
- d. An item or service that is required on an emergency basis
- e. An item previously awarded within the past twelve months.
- f. Purchases which can be procured through cooperative intergovernmental purchase agreements with other government jurisdictions;

7. EMERGENCY PROCUREMENTS

Emergency procurements may be made when a threat to public health, welfare or safety exists, provided that such emergency procurement shall be made with such competition as is practical under the circumstances.

In case of an emergency requiring immediate purchase of materials, supplies, equipment or services, the Board of Selectmen authorizes department heads to approve such emergency purchases if the situation permits. The Town Administrator shall be notified as soon as possible as to the emergency and the associated purchases. As soon as is practicable, standard purchasing procedures will be reinstated. The Town Administrator will notify the Board of Selectmen of each occurrence.

8. ARTIFICIAL DIVISION PROHIBITED

Purchases shall not be artificially divided so as to create lower purchase amounts and therefore avoid the requirements of this policy. Service contracts or purchases of goods on an open contract must be evaluated on upon the total cost through the life of the contract and the appropriate approvals obtained based upon that price. Whether or not a proposed purchase constitutes artificial division shall be determined by the Town Administrator.

9. EXCEPTIONS.

Exceptions to the policy will be determined on a case by case basis by the Town Administrator who may refer the issue to the Board of Selectmen. In cases involving a decision of the Town Administrator seeking an exception, the issue will be determined by the Board of Selectmen.

10. LOCAL ADVANTAGE

The Town of Litchfield will make every effort to purchase from businesses located within the Litchfield area if the purchase fits into the category of "best overall value." It must be noted that the Town of Litchfield employees have a responsibility to the taxpayers of the Town to ensure that bids are awarded to vendors offering their products or services at the "best overall value" to the Town.

11. CANCELLATION AND REJECTION OF BIDS

An invitation to bid, request for proposal or other solicitation may be cancelled, or any or all bids or proposals may be rejected, in whole or part, as may be specified in the solicitation when it is in the best interest of the Town. The reasons shall be made part of the formal bid file.

12. ETHICS IN PUBLIC PURCHASING AND CONTRACTING

In accordance with RSA 95:1, no person holding a public office in the Town of Litchfield, either appointed or elected, shall, by contract or otherwise, except by open competitive bidding, buy real estate, sell or buy goods, commodities, or other personal property of a value in excess of \$200 at any one sale to or from the state or political subdivision under which he holds his public office.

It shall be unethical for any Town employee involved in making procurement decisions to have personal investments in any business entity that will create a substantial conflict between their private interests and their public duties.

It shall be unethical for any person to offer, give or agree to give any Town of Litchfield employee, or for any Town of Litchfield employee to solicit, demand, accept or agree to accept from any vendor or business, a gift or gratuity in any amount in connection with any decision, approval, disapproval or recommendation concerning a solicitation.

Inexpensive advertising items bearing the name of a vendor, such as pens, pencils, paperweights, cups, candy, calendars, etc. are not considered articles of value or gifts in relation to this policy.

13. DISPOSAL OF SURPLUS PROPERTY

Department Heads should notify the Town Administrator at least annually about any property considered surplus. For items with a value of less than \$100, department heads may dispose of them as appropriate following notification of the Town Administrator. For items with an estimated value of greater than \$100 and less than \$1000, the Town Administrator will have the authority to transfer property from one department to another, include surplus equipment as trade on replacement equipment, authorize placement in state surplus auction, retain for parts or authorize sale by public or electronic auction. All items declared surplus (excluding real estate) with an estimated value of greater than

\$1000 will be reported to the Board of Selectmen with the Board retaining authority to authorize the form of disposition.

Adopted By Board of Selectmen –

Effective Date: 14 March 2011

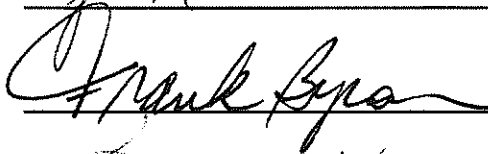
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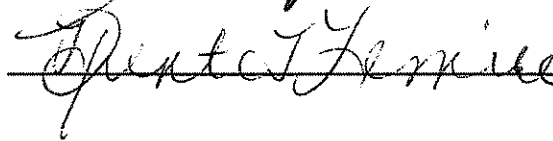
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